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DEFENDANT SENTENCED TO 60 MONTHS IN PRISON
FOR SCHEME TO SELL AND NEGOTIATE CHECKS
STOLEN FROM JP MORGAN CHASE

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, announced that BERNARD ELLIS was sentenced this afternoon to 60 months' imprisonment for participating in a sprawling bank fraud conspiracy, from approximately 2005 to approximately April 2006, involving large corporate checks that were stolen from a JP Morgan Chase & Co. ("JP Morgan") mailroom facility in Brooklyn. United States District Judge VICTOR MARRERO imposed the sentence in Manhattan federal court. According to documents publicly filed in the case:

On April 21, 2006, ELLIS's co-conspirator, GREGORY HALLEY, was arrested at the JP Morgan mailroom facility in Brooklyn, where JP Morgan operates a "lockbox" system on behalf of various large, corporate account holders. Under the "lockbox" system, an individual or entity seeking to pay one of the participating account holders by check is provided a mailing address that causes the check to be delivered directly to JP Morgan, rather than to the account holder's corporate address. Upon receiving the check on behalf of the account holder, JP Morgan processes the check and credits the amount of the check to the account holder's account.

From at least 2005 until his arrest, HALLEY used his employment in the mailroom where JP Morgan processes lockbox checks to steal more than \$100 million worth of checks. HALLEY then gave the checks to co-conspirators in exchange for cash payments. BERNARD ELLIS was one such co-conspirator who was arrested after receiving stolen checks from HALLEY. During a search of ELLIS's car the same night, United States Postal Inspectors recovered approximately 100 stolen lockbox checks totaling approximately \$7 million. HALLEY, who pleaded guilty to one count of conspiring to commit bank fraud, will be sentenced

by United States District Judge BARBARA S. JONES on a date yet to be scheduled.

ELLIS's sentencing followed another earlier this week of KENNY OLA LABBE, who participated in a scheme to negotiate stolen lockbox checks. LABBE was arrested on January 23, 2006, after he was caught mailing altered, stolen lockbox checks from a FedEx store near JFK International Airport. The payees' names on the stolen checks had been substituted with names of individuals who were solicited over the internet to participate in a supposedly legitimate financial transaction, whereby the individuals agreed to deposit the checks into bank accounts and wire a portion of the funds overseas. Over a 30-day period, LABBE mailed an estimated \$12 million of stolen lockbox checks from the FedEx store to these various individuals. LABBE, who pleaded guilty to transporting and conspiring to transport stolen goods in interstate commerce, was sentenced on January 29, 2008, to 87 months' imprisonment by United States District Judge ROBERT W. SWEET. The Court also imposed forfeiture in the amount of \$12 million.

HILLARY AGUGBO, another individual arrested and indicted for participating in a scheme to negotiate checks stolen from the lockbox facility, was sentenced on April 20, 2007, to 46 months in prison, by United States District Judge P. KEVIN CASTEL.

Mr. GARCIA praised the investigative work of the United States Postal Inspection Service and the United States Secret Service.

This case is being prosecuted by the Office's Major Crimes Unit. Assistant United States Attorneys SEETHA RAMACHANDRAN and MICHAEL A. LEVY are in charge of this prosecution.

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